

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
LUCAS COUNTY**

**REPORT ON FINANCIAL STATEMENTS
(with required and
supplementary information)**

YEAR ENDED DECEMBER 31, 2024

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
LUCAS COUNTY
DECEMBER 31, 2024**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	2
Management Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position.....	12
Statement of Revenues, Expenses, and Changes in Net Position.....	13
Statement of Cash Flows.....	14
Notes to Financial Statements	16
Required Supplementary Information:	
Schedule of the Authority's Proportionate Share of Net Pension Liability Ohio Public Employees Retirement System (OPERS)	42
Schedule of Authority's Contributions Ohio Public Employees Retirement System (OPERS)	42
Schedule of the Authority's Proportionate Share of Net Other Postemployment Benefits Asset/Liability Ohio Public Employees Retirement System (OPERS)	43
Schedule of Authority's Contributions Ohio Public Employees Retirement System (OPERS)	43
Notes to Required Supplementary Information	44
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	46
Notes to the Schedule of Expenditures of Federal Awards.....	47
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	50
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	52
Schedule of Findings.....	55
Summary Schedule of Prior Audit Findings.....	63
Corrective Action Plan	67

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Independent Auditor's Report

To the Board of Trustees
Toledo Area Regional Transit Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Toledo Area Regional Transit Authority, Lucas County, Ohio (the "Authority") as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the Toledo Area Regional Transit Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Toledo Area Regional Transit Authority as of December 31, 2024 and 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
Toledo Area Regional Transit Authority

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Toledo Area Regional Transit Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Toledo Area Regional Transit Authority

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025 on our consideration of the Toledo Area Regional Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Toledo Area Regional Transit Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Toledo Area Regional Transit Authority's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

June 26, 2025

TOLEDO AREA REGIONAL TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Toledo Area Regional Transit Authority (the "Authority"), we offer readers of these financial statements this narrative overview and analysis of certain financial activities of the Authority for the fiscal years ended December 31, 2024, 2023, and 2022. This discussion and analysis is designed to assist the reader in focusing on the significant changes in the financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights in 2024

- The Authority's total net position increased \$13,735,128 over the course of 2024, with operating expenses before depreciation running \$8,003,845 higher than in 2023.
- The Authority's operating expenses, excluding depreciation, were \$43,771,354 in 2024. The increase is primarily due to labor costs associated with route expansion and Microtransit pilot program.
- Operating revenues for the Authority increased \$87,005 in 2024 compared to 2023, due in large part to route expansion and Microtransit pilot program and overall increased ridership.
- Sales tax revenues of \$42,158,136 were up \$455,059 compared to 2023. Increase in the current year relates to inflationary price increases.
- Total Federal and State funding increased \$3,579,161 primarily as a result of capital grants received for capital improvements.

Financial Highlights in 2023

- The Authority's total net position increased \$17,882,764 over the course of 2023, with operating expenses before depreciation running \$9,237,551 higher than in 2022.
- The Authority's operating expenses, excluding depreciation, were \$35,759,553 in 2023. The increase is primarily due to the change in OPERS's pension and OPEB asset/liability.
- Operating revenues for the Authority increased \$400,242 in 2023 compared to 2022, due in large part to reinstatement of fares for a full year in 2023 as opposed to partial year in 2022.
- Sales tax revenues of \$41,703,077 were up \$14,294,254 compared to 2022. Increase in the current year relates to the authority having an full year worth of sales tax revenue, in comparison to only nine months in the prior year.
- Total Federal and State funding decreased \$10,039,754 primarily as a result of grants received in the prior year for CARES funding that were no longer received in the current year by the facility.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which is comprised of the basic financial statements and the notes to financial statements. This report contains supplementary information concerning the Authority's net position and changes in net position in addition to the basic financial statements themselves.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Financial Statements

The financial statements of the Authority are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private sector business.

The statements of net position present information on all the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. A net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, results in increased net position, which indicates an improved financial position.

The statements of revenues, expenses, and changes in net position present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., employee fringe benefits).

The final required financial statement is the statement of cash flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse as a result of this year's activities?" The statements of net position and the statements of revenues, expenses and changes in net position report information about the Authority's activities in a way that will help answer this question. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population decline or growth and new or changed governmental legislation.

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	2024	2023	2022
ASSETS			
Current and other assets	\$ 70,828,947	\$ 63,880,131	\$ 50,358,313
Capital assets, net	41,700,402	33,968,837	30,443,509
TOTAL ASSETS	112,529,349	97,848,968	80,801,822
DEFERRED OUTFLOWS OF RESOURCES	7,996,839	12,446,065	3,220,373
LIABILITIES			
Other liabilities	5,347,692	4,891,807	4,030,775
Long-term liabilities	21,354,575	26,094,399	7,195,235
TOTAL LIABILITIES	26,702,267	30,986,206	11,226,010
DEFERRED INFLOWS OF RESOURCES	1,003,641	223,675	11,585,841
NET POSITION			
Investment in capital assets	41,700,402	33,968,837	30,443,509
Restricted - OPEB	739,943	-	2,610,963
Unrestricted	50,379,935	45,116,315	28,155,872
TOTAL NET POSITION	\$ 92,820,280	\$ 79,085,152	\$ 61,210,344

One of the largest portion of the Authority's net position reflect investment in capital assets (e.g. diesel buses, operating facilities). The Authority uses these assets to provide public transportation service for the Cities of Toledo, Sylvania, Maumee, Rossford and Waterville; Sylvania Township; and the Villages of Ottawa Hills. These capital assets are not available to liquidate liabilities or other spending. Unrestricted (Net Position) is impacted by the change in net pension and other postemployment benefit liabilities and related deferred outflows and inflows discussed below, as well as the reinstatement of fares, and a start of sales tax levy.

Year Ended December 31, 2024

Investment in capital assets increased to \$41,700,402 in 2024 from \$33,968,837 in 2023. The increase was due to large capital acquisitions. The Authority had \$11,799,365 in additions primarily related to vehicles and equipment. The Authority disposals were \$9,367,212 which consisted primarily of disposal of old vehicles and obsolete equipment.

The net pension liability, included in long term liabilities, recognized by the Authority at December 31, 2024 decreased to \$21,354,575. Related deferred outflows decreased to \$7,361,962. Related deferred inflows as of December 31, 2024 increased to \$576,259. These changes were recorded as a result of changes in assumptions to the net pension liability, recognition of investment gains/losses, and Authority contributions to the Ohio Public Employees Retirement System plan subsequent to the plan's measurement date.

The Authority has recognized a net other postemployment (OPEB) asset, included in noncurrent assets, of \$739,943 at December 31, 2024. Related deferred outflows decreased to \$634,877 and deferred inflows increased to \$427,382 as of December 31, 2024. These changes were recorded as a result of changes in assumptions to the net OPEB asset, recognition of investment gains/losses, and Authority contributions to the Ohio Public Employees Retirement System plan subsequent to the plan's measurement date.

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**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	2024	2023	2022
REVENUES			
Operating revenues	\$ 2,047,517	\$ 1,960,512	\$ 1,560,270
Operating expenses, excluding depreciation	(43,771,354)	(35,767,509)	(26,522,002)
Depreciation expense	(3,355,107)	(2,827,747)	(2,397,661)
Operating loss	(45,078,944)	(36,634,744)	(27,359,393)
Nonoperating revenues:			
Property taxes	-	-	12,184,239
Sales tax	42,158,136	41,703,077	27,408,823
Federal operating and preventive maintenance grants	3,200,234	6,277,283	15,291,661
State operating and preventive maintenance grants	629,177	903,234	1,928,610
Other nonoperating revenues	1,931,495	1,083,333	104,522
Net Gain/(Loss) on Disposal of Capital Assets	(568,822)	9,040	(119,581)
Total nonoperating revenues	47,350,220	49,975,967	56,798,274
Capital grants	11,463,852	4,533,585	11,991,402
Increase in net position	13,735,128	17,874,808	41,430,283
Net position, beginning of year	79,085,152	61,210,344	19,780,061
Net position, end of year	<u>\$ 92,820,280</u>	<u>\$ 79,085,152</u>	<u>\$ 61,210,344</u>

The Authority's operating revenues for 2024 were \$2,047,517 up approximately \$87,000 from 2023 mainly due to the increase in passenger fares collection.

Operating expenses, excluding depreciation and changes in pension and OPEB, increased by \$8,957,009 in 2024. 2024 nonoperating revenues of \$47,350,220 decreased \$2,625,747, primarily due a decrease in federal operating assistance.

Capital Grants

Capital grants from federal and state agencies in 2024 were \$11,463,852. Capital grants from federal and state agencies in 2023 were \$4,533,585. In 2024 the authority utilized both federal and state grant to do significant upgrades to its facilities, and bus fleet.

Capital Asset and Debt Administration

Capital Asset 2024

The Authority's investment in capital assets amounts increased to \$41,700,402, net of accumulated depreciation, as of December 31, 2024, which was a net increase of \$7,731,565 compared with 2023. Capital assets include land improvements, revenue producing and servicing equipment, buildings and structures, shop equipment, office furnishings and computer equipment. Major capital expenditures during the year included purchases of vehicles and software upgrades.

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TOLEDO AREA REGIONAL TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt 2024

The Authority has no outstanding long-term debt as of December 31, 2024 and 2023.

Economic Factors

TARTA has followed up on its funding structure change from a property tax to a sales tax – approved by Lucas County and Rossford voters in 2021 – by making sweeping improvements to its financial processes. These changes and sound financial management have helped the Authority build a budget surplus for the first time in decades.

As this recovery from years of underfunding continues, TARTA endeavors to use its improved financial standing to the benefit of the people who depend on the service, as well as its workforce. These efforts have included upgrading the fleet, facilities and bus stops, contractual raises for team members, and improved training and benefits.

Those changes to training and recruiting – including a mentorship program for new operators and a tuition reimbursement program – have already started to bear fruit. TARTA has increased retention and expanded its roster of operators in the face of national trends headed in the opposite direction.

Financial threats include continued inflation and supply chain issues, the uncertainty of grant availability in a rapidly shifting political climate, the narrowed field of potential suppliers for electric vehicles and the equipment required to operate them, and the cost of electric vehicles.

Agency Leadership (or Other Factors)

In 2024, TARTA's leadership team welcomed Chief Human Resources Officer Ursula Barrera-Richards (March) and Chief Financial Officer James Karasek (June). Collectively, TARTA's senior leadership team has more than 80 years of experience in the public transit industry, helping it build on recent improvements to the existing mobility system.

TARTA rebounded from the pandemic quicker than many of its peers nationwide, due in part to service expansion and customer-focused improvements in recent years. Public perception of the organization has continued to improve, with the most recent poll showing an 85 percent customer satisfaction rate for fixed route service and satisfaction rates in the high 90s for both paratransit and on-demand services. Ninety-three percent of people surveyed who were not regular riders of TARTA agreed that TARTA is valuable to the community.

TARTA's Board of Trustees elected Toledo representative Kendra Smith as President in 2024, and Mary Morrison Sylvania representative was elected Vice President. Trustees appointed over the course of 2024 and early 2025 included:

- Brittany Ford (Ottawa Hills)
- Gary Gonya (Toledo)
- Tarik Kadri (Lucas County)
- Karen Poore (Lucas County)
- Zachary Schmidt (Rossford)
- Dr. Tiffany Whitman (Toledo)

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TOLEDO AREA REGIONAL TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Major Accomplishments

TARTA opened 2024 with a long-awaited service expansion out to the City of Oregon. Fixed route, paratransit and TARTA Flex service were each extended to the area the first week of January and had an immediate impact on both TARTA's public perception and ridership. TARTA's Route 2 – which was extended to serve Oregon – saw a 56 percent increase in ridership, which was part of a 22 percent increase in ridership system-wide.

Near the end of 2024, TARTA announced a pair of major changes: The introduction of fare-capping for regular riders via the TARTA Card, and the rebranding of the paratransit division from TARPS to TARTA Move. The process of rewrapping all paratransit vehicles began in November.

TARTA's paratransit team earned the Ohio Public Transit Association's Collaborative Excellence Award, bestowed for the team's efforts in becoming a Certified Autism Center by underdoing training on how to make rides more comfortable and convenient for sensory-sensitive passengers.

Surveys taken over the course of 2024 indicated that TARTA's customer satisfaction scores for all services continued to rise, sitting well above public transit industry standards. Poll results showed an 85 percent customer satisfaction rate for fixed route services, a 98 percent satisfaction rate for paratransit, and a 97 percent score for TARTA Flex.

Other accomplishments over the course of the last year:

- The first set of electric vehicles were welcomed into the paratransit division.
- A complete update of TARTA's recruitment strategy by a new Human Resources team, with immediate results.
- A new mural to Rosa Parks was debuted in TARTA's Transit Hub, created by a local artist in partnership with The Arts Commission. The mural design was also placed on a wrapped bus.
- TARTA actively participated in the National Week Without Driving, which spotlights barriers faced by nondrivers and promotes sustainable transportation options. TARTA wrapped a bus in commemoration of the week, and welcomed the event's creator – Anna Letitia Zivarts – to speak to 300 customers and community leaders at its Community Update Event in November.
- Continued upgrades to bus stops facilities.
- The number of trips taken by youth using the Youth Summer Blast Pass doubled.
- An increase in safety personnel and safety capabilities.
- A ramp up in Special Event Transportation activity to give northwest Ohioans an easier path to enjoying the area's best events.

Future Plans

TARTA pursues federal and state grant opportunities with the goals of continued improvements to facilities, the modernization of its fleet and improving customer experience. In recent years, grants have helped fund:

- 11 new full-sized electric buses
- 10 new full-sized diesel buses
- Replacement of bus wash, roof, and employee parking lot at Central Avenue headquarters
- Renovation of office space at Transit Hub
- Workforce training
- Travel training for youth

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TOLEDO AREA REGIONAL TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Workforce-related grants in 2024 included funds from the Federal Transit Administration and the Ohio Department of Transportation to study the feasibility of Bus Rapid Transit in northwest Ohio, as well as the workforce mobility needs of Wood County. TARTA continues to aggressively pursue funding that would allow it to improve the way it connects northwest Ohio's workforce to its businesses.

TARTA hopes to build on these upgrades and the resulting improvements in customer service scores by executing its capital improvement, which for the remainder of 2025 and 2026 includes but is not limited to:

- Upgrading maintenance facilities and training procedures in preparation for full-sized electric vehicles
- Vending machines for the TARTA Card and other passes
- Non-revenue vehicles
- Bus stop upgrades
- Customer service software

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Secretary/Treasurer, Toledo Area Regional Transit Authority, 1127 West Central Avenue, Toledo, OH 43610.

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 23,831,541	\$ 34,923,852
Investments	12,348,812	12,809,935
Accounts receivable, net	233,434	415,562
Intergovernmental receivable	3,234,439	2,388,233
Sales tax receivable	6,642,544	6,809,470
Inventories	2,778,089	2,185,892
Prepays	388,243	143,870
Total current assets	<u>49,457,102</u>	<u>59,676,814</u>
Noncurrent assets		
Investments	20,631,902	4,203,317
Capital assets not being depreciated	2,408,490	5,719,923
Capital assets being depreciated, net	39,291,912	28,248,914
Net OPEB asset	739,943	-
Total noncurrent assets	<u>63,072,247</u>	<u>38,172,154</u>
Total assets	<u>112,529,349</u>	<u>97,848,968</u>
Deferred outflow of resources		
Deferred pension amounts	7,361,962	10,837,726
Deferred OPEB amounts	634,877	1,608,339
Total deferred outflow of resources	<u>7,996,839</u>	<u>12,446,065</u>
Liabilities		
Current liabilities		
Accounts payable	3,547,256	3,335,674
Accrued payroll and vacation pay	1,658,485	1,202,856
Accrued employers' contribution to Ohio Public Employees Retirement System	141,951	188,861
Accrued claims	-	164,416
Total current liabilities	<u>5,347,692</u>	<u>4,891,807</u>
Noncurrent liabilities		
Net pension liability	21,354,575	25,551,547
Net OPEB liability	-	542,852
Total noncurrent liabilities	<u>21,354,575</u>	<u>26,094,399</u>
Total liabilities	<u>26,702,267</u>	<u>30,986,206</u>
Deferred inflows of resources		
Deferred pension amounts	576,259	26,230
Deferred OPEB amounts	427,382	197,445
Total deferred inflow of resources	<u>1,003,641</u>	<u>223,675</u>
Net position		
Investment in capital assets	41,700,402	33,968,837
Restricted - OPEB	739,943	-
Unrestricted	50,379,935	45,116,315
Total net position	<u>\$ 92,820,280</u>	<u>\$ 79,085,152</u>

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS
See notes to financial statements.

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Operating revenues		
Passenger fares	2,043,468	\$ 1,957,008
Toledo Board of Education and other contracts	4,049	3,504
Total operating revenues	2,047,517	1,960,512
Operating expenses		
Labor	18,443,502	15,313,907
Fringe benefits	8,257,532	7,112,394
Change in pension and OPEB	91,833	922,269
Materials and supplies	5,987,022	3,742,395
Services	6,574,450	4,577,477
Fuel	2,277,848	2,288,296
Taxes	304,207	255,363
Claims and insurance	663,199	267,840
Utilities	351,611	339,557
Miscellaneous	820,150	948,011
Total operating expenses	43,771,354	35,767,509
Operating loss before depreciation	(41,723,837)	(33,806,997)
Depreciation	3,355,107	2,827,747
Operating loss	(45,078,944)	(36,634,744)
Nonoperating revenues		
Sales tax	42,158,136	41,703,077
Federal operating and preventive maintenance assistance	3,200,234	6,277,283
State operating and preventive maintenance grants and assistance	629,177	903,234
Investment income	1,912,626	987,164
Nontransportation revenues	18,869	96,169
Net Gain/(Loss) on Disposal of Capital Assets	(568,822)	9,040
Total nonoperating revenues	47,350,220	49,975,967
Net income before capital grants	2,271,276	13,341,223
Capital grants	11,463,852	4,533,585
Change in net position	13,735,128	17,874,808
Net position, beginning of year	79,085,152	61,210,344
Net position, end of year	\$ 92,820,280	\$ 79,085,152

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS
See notes to financial statements.

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
Cash flows from operating activities		
Receipts from fares and contracts	\$ 2,229,645	\$ 1,875,635
Payments to suppliers	(19,172,954)	(12,629,320)
Payments for labor and employee benefits and other	(26,799,139)	(22,478,401)
Net cash and cash equivalents used in operating activities	<u>(43,742,448)</u>	<u>(33,232,086)</u>
Cash flows from noncapital financing activities		
Sales tax receipts	42,325,062	41,562,051
Federal operating and preventive maintenance assistance	2,907,423	10,187,954
State operating and preventive maintenance grants and assistance	75,782	903,234
Nontransportation receipts	18,869	96,169
Net cash and cash equivalents provided by noncapital financing activities	<u>45,327,136</u>	<u>52,749,408</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(10,139,495)	(6,353,075)
Capital grants received	11,463,852	4,533,585
Proceeds from sale of capital assets	53,480	9,040
Net cash and cash equivalents provided by (used in) capital and related financing activities	<u>1,377,837</u>	<u>(1,810,450)</u>
Cash flows from investing activities		
Interest on investments	1,912,626	987,164
Maturity of investments	30,441,520	4,519,142
Purchase of investments	(46,408,982)	(20,680,285)
Net cash and cash equivalents used in investing activities	<u>(14,054,836)</u>	<u>(15,173,979)</u>
Net change in cash and cash equivalents	(11,092,311)	2,532,893
Cash and cash equivalents, beginning of year	34,923,852	32,390,959
Cash and cash equivalents, end of year	<u>\$ 23,831,541</u>	<u>\$ 34,923,852</u>
Cash and cash equivalents from Statements of Net Position:		
Cash and cash equivalents	<u>\$ 23,831,541</u>	<u>\$ 34,923,852</u>

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS
See notes to financial statements.

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Reconciliation of operating (loss) to net cash and cash equivalents (used) by operating activities		
Operating (loss)	\$ (45,078,944)	\$ (36,634,744)
Adjustments to reconcile operating (loss) to net cash and cash equivalents (used) by operating activities		
Depreciation	3,355,107	2,827,747
(Increase) decrease in:		
Accounts receivable - trade and other	182,128	(84,877)
Inventories	(592,197)	(1,428,952)
Prepays	(244,373)	305,439
Deferred outflows - pension and OPEB	4,449,226	(9,225,692)
Net OPEB asset	(739,943)	-
Increase (decrease) in:		
Accounts payable	(1,357,897)	913,132
Accrued liabilities and other	244,303	(52,100)
Net pension and OPEB liabilities	(4,739,824)	21,510,127
Deferred inflows - pension and OPEB	779,966	(11,362,166)
 NET CASH AND CASH EQUIVALENTS (USED) BY OPERATING ACTIVITIES	 <u>\$ (43,742,448)</u>	 <u>\$ (33,232,086)</u>

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS
See notes to financial statements.

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Toledo Area Regional Transit Authority (the "Authority") was created as a regional transit authority pursuant to Sections 306.30 through 306.53, inclusive, of the Ohio Revised Code (ORC) for the purpose of providing public transportation in the Toledo regional area. The Authority is not subject to federal or state income taxes.

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This Statement requires that financial statements of the reporting entity include all of the organizations, activities, functions, and component units for which the reporting entity is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the reporting entity's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to impose a financial burden on the reporting entity. The Authority does not have financial accountability over any other entities.

The City of Toledo (City) is a related organization to the Authority as the Mayor of the City, with the approval of City Council, appoints a voting majority of the Authority's Board of Trustees. However, the financial statements of the Authority are not included within the City's "Reporting Entity" as the City cannot impose its will and there is no financial benefit or financial burden relationship between the City and the Authority.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's policies are described below.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority is operated as an enterprise fund, a proprietary fund type, which is used to account for operations that are financed and operated in a manner similar to private business. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are fares charged to the users of the transit system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position represents amounts that are subject to restrictions beyond the Authority's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include sales tax, grants and entitlements. Deferred inflows arises when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Assets, Liabilities and Equity

Cash and Cash Equivalents and investments

The balances in cash and cash equivalents are available to meet current operating requirements. Cash and cash equivalents in excess of current requirements are invested in various interest-bearing securities and disclosed as part of the Authority's investments.

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments include amounts in certificates of deposits and U.S. Government Securities. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Investments (including cash equivalents) are stated at fair value, which is based on quoted market prices. Any unrealized gains or losses are recognized as adjustments to investment income. The Authority's policy is to hold investment securities to their scheduled maturity date. All investments with a maturity beyond 12 months at date of purchase are classified as long-term.

Inventories and Prepaids

Materials and supplies inventories are stated at the lower of cost or market value (net realizable value). Cost is determined using the average cost method.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets

Capital assets, which include property, buildings and equipment, are recorded at cost. The Authority defines capital assets as assets with an initial individual cost of more than \$3,500 and an estimated useful life in excess of a year. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Buildings	15-40 years
Land Improvements	5-10 years
Transportation Equipment	3-10 years
Transit Stations	20 years
Other (primarily service equipment Furniture and Fixtures, and Computers And Computer Equipment)	3-10 years

Compensated Absences

The liability for compensated absences consists of unpaid, accumulated annual vacation pay. In accordance with the Authority personnel policies and/or contracts negotiated with the various employee groups of the Authority, individual employees earned benefits to receive payments for unused vacation under formulas and conditions specified in the respective personnel policies and/or contracts.

The Authority provides sick and accident pay to its full time union employees. Employee sick and accident pay is recorded as an expense when paid and does not carry over from year to year.

Budgets and Budgetary Accounting

In accordance with Section 5705 of the ORC, an annual budget of revenues, expenses, and capital expenditures is prepared under the accrual basis of accounting, in accordance with GAAP. The budget is adopted by resolution of the board of trustees. The Authority, operating as an enterprise fund, utilizes such budget and related budgetary accounting to ensure that: (1) service objectives are attained; (2) expenditures are properly controlled; and (3) adequate resources will be available to finance current operations and meet capital outlay requirements.

Because the Authority's revenues and expenses may fluctuate with changing service delivery levels, a flexible rather than fixed dollar budget is utilized to permit budgetary revision based upon changing fare revenue, levels of service, and cost of operations at specific service levels. Actual results of operations are compared to the final, revised budget of the Authority for the year.

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Net Position

Equity may be displayed in three components as follows:

Investment in Capital Assets-This consists of capital assets, net of accumulated depreciation.

Restricted-This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, and then unrestricted resources when they are needed. There was restricted net position at December 31, 2024 for the Net OPEB Asset in the amount of \$739,943 and \$0 in 2023.

Unrestricted -This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets."

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reported deferred inflows of resource for certain pension and OPEB related amounts, such as the difference between projected and actual earnings of the pension and OPEB plans' investments for both years. More detailed information can be found in Notes 6 & 7.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority reports deferred outflows of resources for certain pension and OPEB related amounts, such as changes in expected and actual investment returns, changes in assumptions, and certain contributions made to the pension and OPEB plans subsequent to the measurement date. More detailed information, including the amortization of these amounts can be found in Notes 6 & 7.

Revenue

Passenger fares are recorded as revenue at the time services are performed.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue – continued

Federal and state operating and preventive maintenance assistance provided under government grants is recognized as allowable costs are reported to the grantor agencies for reimbursement. For this purpose, the Authority considers these revenues to be susceptible to accrual if they are (1) incurred prior to the Authority's fiscal year end, and (2) reported to grantor agencies prior to the Authority closing its books for the year, and submitting draft financial statements to the State of Ohio. Revenue arising from the grants is presented as nonoperating revenue.

Capital Grants

Federal and state capital grants for the acquisition of property and equipment are recorded as the costs are incurred. Capital acquisitions for which grant funds have not been received from Federal Transit Authority (FTA) or Ohio Department of Transportation (ODOT) are recorded as capital grants receivable, when applicable.

When assets acquired with capital grant funds are disposed, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property may be used to acquire like kind replacement vehicles or remitted to the granting federal agency.

NOTE 2 - DEPOSITS AND INVESTMENTS

The cash and cash equivalents and investments referred to below have been reported on the financial statements based upon criteria disclosed in Note 1. The following summarizes the categories of these amounts as of December 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 23,831,541	\$ 34,923,852
Investments - current	12,348,812	12,809,935
Investments - noncurrent	<u>20,631,902</u>	<u>4,203,317</u>
	<u>\$ 56,812,255</u>	<u>\$ 51,937,104</u>

As of December 31, the Authority had cash, cash equivalents, and investments summarized by the carrying values in the following categories:

	<u>2024</u>	<u>2023</u>
Deposits		
Checking and savings	\$ 23,667,967	\$ 31,254,922
Money market	161,674	3,667,034
Certificates of deposit	3,225,002	4,203,317
Petty cash	1,900	1,896
Investments	<u>29,755,712</u>	<u>12,809,935</u>
	<u>\$ 56,812,255</u>	<u>\$ 51,937,104</u>

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSIT AND INVESTMENT – continued

The Authority has \$0 in restricted cash as of December 31, 2024. The Authority had \$15,707 in restricted cash as of December 31, 2023, which was included in cash and cash equivalents and related to proceeds from the sale of capital assets acquired with capital grant funds.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2024, \$12,453,168 of the Authority's bank balance of \$13,203,168 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of December 31, 2023, \$31,438,757 of the Authority's bank balance of \$32,190,627 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the FDIC.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy requires all investments must mature within five years from their original purchase date.

As of December 31, 2024

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Securities	\$ 21,629,320	1.837
U.S. Government Bonds	8,126,392	2.132
Total fair value	<u>\$ 29,755,712</u>	

As of December 31, 2023

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Government Bond U-2024	\$ 2,541,142	0.089
U.S. Treasury Bill	5,200,650	0.187
U.S. Government Bond Y-2024	2,533,410	0.332
U.S. Government Bond BE - 2024	2,534,733	0.568
Total fair value	<u>\$ 12,809,935</u>	

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSIT AND INVESTMENT – continued

Credit Risk

The Authority chooses to disclose its investments by specifically identifying each type. As of year-end, the Authority had the following investments. As of year end, the Authority had certain investments subject to credit risk, where applicable.

As of December 31, 2024

Investment Type	Fair Value	Standard & Poor's Rating
U.S. Treasury Securities	\$ 21,629,320	AAA
U.S. Government Bonds	8,126,392	AA+
	<u>\$ 29,755,712</u>	

As of December 31, 2023

Investment Type	Fair Value	Standard & Poor's Rating
U.S. Government Bond U-2024	\$ 2,541,142	AAA
U.S. Government Bond Y-2024	2,533,410	AAA
U.S. Treasury Bill	5,200,650	Unrated
U.S. Government Bond BE - 2024	2,534,733	Unrated
	<u>\$ 12,809,935</u>	

Concentration of Credit Risk

The Authority places no limit on the amount that may be invested in any one issuer. Presently, all investments are U.S. Treasury and governmental agency securities. The Authority does not have a deposit policy for concentration of credit risk.

Foreign Currency Risk

The Authority is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The Authority is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSIT AND INVESTMENT – continued

Fair Value Measurement - continued

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Authority's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

As of December 31, 2024

	Level 1	Level 2	Level 3	Balance at Dec 31, 2024
Investments by fair value level				
U.S. Government Bonds	\$ 8,126,392	\$ -	\$ -	\$ 8,126,392
U.S. Treasury Securities	-	21,629,320	-	21,629,320
Total Investments	<u>\$ 8,126,392</u>	<u>\$ 21,629,320</u>	<u>\$ -</u>	<u>\$ 29,755,712</u>

As of December 31, 2023

	Level 1	Level 2	Level 3	Balance at Dec 31, 2023
Investments by fair value level				
U.S. Treasury Bill	\$ 5,200,650	\$ -	\$ -	\$ 5,200,650
U.S. Government Bonds	-	7,609,285	-	7,609,285
Total Investments	<u>\$ 5,200,650</u>	<u>\$ 7,609,285</u>	<u>\$ -</u>	<u>\$ 12,809,935</u>

NOTE 3 –RECEIVABLES

Receivables at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Intergovernmental:		
State operating assistance	796,657	\$ 243,262
Federal operating and preventive maintenance assistance	<u>2,437,782</u>	<u>2,144,971</u>
Total intergovernmental	<u>3,234,439</u>	<u>2,388,233</u>
Accounts:		
Trade and other	233,434	435,562
Less: allowance for doubtful receivables	<u>-</u>	<u>(20,000)</u>
Total accounts receivables, net	233,434	415,562
Sales Tax Receivable	<u>6,642,544</u>	<u>6,809,470</u>
Total receivables	<u>\$ 10,110,417</u>	<u>\$ 9,613,265</u>

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2024
Capital assets not Being Depreciated:				
Land	\$ 743,244	\$ -	\$ -	\$ 743,244
Construction in progress	4,976,679	2,705,223	(6,016,656)	1,665,246
Total Capital assets Not Being Depreciated	5,719,923	2,705,223	(6,016,656)	2,408,490
Capital assets being depreciated:				
Building	23,148,338	4,138,809	(2,587,001)	24,700,146
Land improvements	3,240,065	635,910	(1,544,382)	2,331,593
Transit stations	6,582,995	-	(117,062)	6,465,933
Transportation equipment	21,252,553	4,088,694	(1,390,560)	23,950,687
Other equipment	11,735,419	6,247,385	(3,728,207)	14,254,597
Total Capital assets Being Depreciated	65,959,370	15,110,798	(9,367,212)	71,702,956
Accumulated Depreciation for:				
Building	(12,005,607)	(429,621)	2,028,951	(10,406,277)
Land improvements	(1,669,840)	(99,080)	1,545,474	(223,446)
Transit stations	(5,634,222)	(125,354)	117,062	(5,642,514)
Transportation equipment	(10,848,601)	(1,596,397)	1,479,511	(10,965,487)
Other equipment	(7,552,186)	(1,104,655)	3,483,521	(5,173,320)
Total Accumulated Depreciation	(37,710,456)	(3,355,107)	8,654,519	(32,411,044)
Capital assets Being Depreciated ,net	28,248,914	11,755,691	(712,693)	39,291,912
Total Capital assets, net	\$ 33,968,837	\$ 14,460,914	\$ (6,729,349)	\$ 41,700,402

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS - continued

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2023
Capital assets not Being Depreciated:				
Land	\$ 743,244	\$ -	\$ -	\$ 743,244
Construction in progress	2,616,064	5,913,099	(3,552,484)	4,976,679
Total Capital assets Not Being Depreciated	3,359,308	5,913,099	(3,552,484)	5,719,923
Capital assets being depreciated:				
Building	23,148,338	-	-	23,148,338
Land improvements	1,973,393	1,266,672	-	3,240,065
Transit stations	6,582,995	-	-	6,582,995
Transportation equipment	20,632,398	1,046,216	(426,061)	21,252,553
Other equipment	10,060,073	1,682,918	(7,572)	11,735,419
Total Capital assets Being Depreciated	62,397,197	3,995,806	(433,633)	65,959,370
Accumulated Depreciation for:				
Building	(11,474,058)	(531,549)	-	(12,005,607)
Land improvements	(1,637,154)	(32,686)	-	(1,669,840)
Transit stations	(5,436,233)	(197,989)	-	(5,634,222)
Transportation equipment	(9,942,434)	(1,328,882)	422,715	(10,848,601)
Other equipment	(6,823,117)	(736,641)	7,572	(7,552,186)
Total Accumulated Depreciation	(35,312,996)	(2,827,747)	430,287	(37,710,456)
Capital assets Being Depreciated ,net	27,084,201	1,168,059	(3,346)	28,248,914
Total Capital Assets, net	\$ 30,443,509	\$ 7,081,158	\$ (3,555,830)	\$ 33,968,837

NOTE 5 – COMPENSATED ABSENCES

The following is a summary of changes in compensated absences (including current portion) of the Authority for the year ended December 31, 2024.

	Balance January 1, 2024	Net Change	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2024	Amounts Due Within One Year
Compensated absences	\$ 586,525	\$ 69,249	\$ -	\$ -	\$ 655,774	\$ 655,774

	Balance January 1, 2023	Net Change	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2023	Amounts Due Within One Year
Compensated absences	\$ 560,403	\$ -	\$ 586,525	\$ (560,403)	\$ 586,525	\$ 586,525

Compensated Absences

In accordance with Authority personnel policies and/or contracts negotiated with various employee groups of the Authority, individual employees have earned benefits to receive payments for unused vacation leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these benefits amounted to \$655,774 for vacation at December 31, 2024, and has been recorded as a current liability because the Authority estimates that usage in any given year is equal to or greater than the outstanding balance from the previous year.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Defined Benefit Plan

The Authority contributes to the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple employer defined benefit pension plan. OPERS administers three separate plans. The traditional pension plan is a cost sharing, multiple employer defined benefit pension plan. The member directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple employer defined benefit plan with defined contribution features. While members may elect the member directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement and disability benefits, annual cost of living adjustments, and survivor and death benefits to plan members and beneficiaries. Chapter 145 of the ORC assigns the Authority to establish and amend benefit provisions to the OPERS Board of Trustees (Board). OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-PERS (7377) or 614-222-5601.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation, including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislature change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability for OPERS was measured as of December 31, 2023 and December 31, 2022, respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for the 12/31/24 and statements 12/31/23 respectively. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – DEFINED BENEFIT PENSION PLAN – continued

contributions of all participating entities. At December 31, 2024, the Authority's proportion was 0.081567%, which is a change from its proportion measured as of December 31, 2023 of 0.086498%. The collective net pension liabilities of the retirement systems and the Authority's proportionate share of these net pension liabilities are as follows as of December 31:

	2024	2023
Net pension liability - all employers	\$ 26,180,409,664	\$ 29,540,043,780
Proportion of the net pension liability	0.081567%	0.086498%
Proportion share of net pension liability	\$ 21,354,575	\$ 25,551,547
Pension expense (benefit)	\$ 2,405,797	\$ 3,952,108

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of December 31:

	2024	2023
Deferred Outflow of Resources		
Difference between expected and actual experience	\$ 349,022	\$ 848,715
Changes in assumptions	-	269,934
Difference between projected and actual investment earnings	4,310,264	7,282,994
Changes in proportion and difference between entities	129,497	401,034
Employer contribution to subsequent measurement date	2,573,179	2,035,049
Total	<u>\$ 7,361,962</u>	<u>\$ 10,837,726</u>
Deferred Inflow of Resources		
Change in proportionate share	<u>\$ 576,259</u>	<u>\$ 26,230</u>

\$2,573,179 reported as deferred outflows of resources relate to pension resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2024. Other amounts reported as net deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense during the years ending December 31 as follows:

2025	\$ (1,077,064)
2026	(1,445,421)
2027	(2,750,568)
2028	9,485,577
	<u>\$ 4,212,524</u>

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

- Group A – Eligible to retire prior to January 7, 2013 or five years after January 7, 2013
- Group B – 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013
- Group C – Members not in other Groups and members hired on or after January 7, 2013

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TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – DEFINED BENEFIT PENSION PLAN – continued

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for the retirement system:

Benefit Formula	<p>Benefits are calculated on the basis of age, final average salary (FAS) and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of services. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.</p> <p>Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.</p> <p>The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost of living adjustment.</p>
Cost-of-Living Adjustments	<p>Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months:</p> <p>Pre 1/7/2013 an annual 3% cost of living adjustment is provided on the member's base</p> <p>Post 1/7/2013 beginning in calendar year 2019, the cost of living adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.</p>
Contribution Rates	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2023, employer rates for the State and Local Divisions were 14% of covered payroll. Member rates for the State and Local Divisions were 10% of covered payroll. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.</p>
Measurement	<p>December 31, 2023 and 2022, respectively</p>
Actuarial Assumptions For 2024 And 2023	<p>Valuation Date: December 31, 2023 and 2022</p> <p>Actuarial Cost Method: Individual entry age</p> <p>Investment Rate of Return: 6.9%</p> <p>Wage Inflation: 2.75%</p> <p>Projected Salary Increases: 2.75% to 10.75%, including wage inflation at 2.75%</p> <p>Municipal Bond Rate: 4.05%</p> <p>Cost of Living Adjustments: Pre 1/7/13 retirees 3.00% Simple; Post 1/7/13 retirees 3.00% simple through 2024, 2.05% simple thereafter</p> <p>In October 2020, the OPERS Board adopted a change in COLA for Post January 7, 2013 retirees, changing it from 1.4% simple through 2020 then 2.15% simple to 0.50% simple through 2021, then 2.15% simple.</p>

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – DEFINED BENEFIT PENSION PLAN – continued

Mortality Rates	Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.																											
Investment Return Assumptions	<p>The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:</p> <table><tr><td>Asset Class</td><td>Target Allocation</td><td>Long-Term Expected Return</td></tr><tr><td>Fixed Income</td><td>24%</td><td>2.85%</td></tr><tr><td>Domestic Equities</td><td>21%</td><td>4.27%</td></tr><tr><td>Real Estates</td><td>13%</td><td>4.46%</td></tr><tr><td>Private Equity</td><td>15%</td><td>7.52%</td></tr><tr><td>International Equities</td><td>20%</td><td>5.16%</td></tr><tr><td>Risk Parity</td><td>2%</td><td>4.38%</td></tr><tr><td>Other Investments</td><td>5%</td><td>3.46%</td></tr><tr><td></td><td>100%</td><td></td></tr></table>	Asset Class	Target Allocation	Long-Term Expected Return	Fixed Income	24%	2.85%	Domestic Equities	21%	4.27%	Real Estates	13%	4.46%	Private Equity	15%	7.52%	International Equities	20%	5.16%	Risk Parity	2%	4.38%	Other Investments	5%	3.46%		100%	
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**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – DEFINED BENEFIT PENSION PLAN – continued

Investment Return Assumptions - continued	During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% for 2023 and (12.1%) for 2022.		
Discount Rate	The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.		
Sensitivity of Authority's proportionate share of Net Pension Liability	<div style="text-align: center;"> 1% Decrease (5.9%) <hr/> \$ 33,617,839 <hr/> </div>	<div style="text-align: center;"> Current Discount Rate (6.9%) <hr/> \$ 21,354,575 <hr/> </div>	<div style="text-align: center;"> 1% Increase (7.9%) <hr/> \$ 11,155,103 <hr/> </div>

Defined Contribution Plans

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – DEFINED BENEFIT PENSION PLAN – continued

Combined Plans

OPERS also offers a combined plan. This is a cost sharing multiple employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post employment health care benefits. OPERS provide retirement, disability, survivor and post employment health benefits to qualifying members of the combined plan.

Funding Policy

ORC provides OPERS statutory authority to set employee and employer contributions. The required contribution rates (as a percentage of covered payroll) for plan members and the Authority are 10% and 14%, respectively. The portion of the Traditional Plan and the Combined Plan employer contributions allocated to health care was 0% for calendar year 2024 and 2023. The Authority's contributions, which represent 100% of required employer contributions, for the year fiscal ended December 31, 2024, of \$2,573,179 and December 31, 2023, of \$2,035,049.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

As described in Note 6, OPERS provides benefits other than pensions, such as health care, that meet the GASB criteria for other postemployment benefits (OPEB).

The net OPEB liability/asset reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB are provided to an employee-on a deferred payment basis-as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation for this liability/asset to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – continued

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - OPERS maintains a cost sharing, multiple employer defined benefit post employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Currently, Medicare eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverages, are deposited into an HRA. For non Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare eligible retirees who choose to become re-employed or survivors who become employed in an OPERS covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

This trust is also used to fund health care for Member Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – continued

Effective January 1, 2022, OPERS discontinued the group plans offered to non-Medicare retirees and reemployed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, the Authority contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member Directed Plan for 2024 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority was not required to make a contribution to fund health care during 2024.

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – continued

Net OPEB Liability and Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, for the 12/31/24 year and 12/31/21 rolled forward to the measurement date of 12/31/2022 for the 12/31/23 year, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability/asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2024	2023
Net OPEB (asset)/liability - all employers	\$ (902,523,892)	\$ 630,519,175
Proportion of the net OPEB (asset)/liability	0.081986%	0.086096%
Proportion share of net OPEB (asset)/liability	\$ (739,943)	\$ 542,852
OPEB expense (benefit)	\$ (84,685)	\$ (985,409)

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	2023
Deferred Outflow of Resources		
Changes in assumptions	\$ 190,499	\$ 530,216
Difference between projected and actual investment earnings	444,378	1,078,123
Total	<u>\$ 634,877</u>	<u>\$ 1,608,339</u>
 Deferred Inflow of Resources		
Difference between expected and actual experience	\$ 105,315	\$ 135,408
Changes in assumptions	318,079	43,628
Change in proportionate share	3,988	18,409
Total	<u>\$ 427,382</u>	<u>\$ 197,445</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	\$ 18,776
2026	(34,400)
2027	(345,909)
2028	569,028
	<u>\$ 207,495</u>

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – continued

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>2024</u>
Actuarial Valuation Date	December 31, 2022
Rolled Forward Measurement Date	December 31, 2023
Experienced Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions	
Single Discount Rate	5.70%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.77%
Wage Inflation	2.75%
	2.75% - 10.75%
Projected Salary Increases	(includes wage inflation at 2.75%)
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2038
	<u>2023</u>
Actuarial Valuation Date	December 31, 2021
Rolled Forward Measurement Date	December 31, 2022
Experienced Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions	
Single Discount Rate	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate	4.05%
Wage Inflation	2.75%
	2.75% - 10.75%
Projected Salary Increases	(includes wage inflation at 2.75%)
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2036

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected rate of return on health care investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – continued

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023 and (15.6%) for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Returns
Fixed Income	37%	2.82%
Domestic Equities	25%	4.27%
REITs	5%	4.68%
International Equities	25%	5.16%
Risk Parity	3%	4.38%
Other Investments	5%	2.43%
Total	<u>100%</u>	

Discount Rate

A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS – continued

Sensitivity of the Authority's - Proportionate Share of the Net OPEB Liability and Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability and asset calculated using the single discount rate of 5.70 percent, as well as what the Authority's proportionate share of the net OPEB liability and asset would be if it were calculated using a discount rate that is one percentage point lower (4.70 percent) or one percentage point higher (6.70 percent) than the current rate:

	1% Decrease (4.7%)	Current Rate (5.7%)	1% Increase (6.7%)
Authority's proportionate share of net OPEB (asset) liability	\$ 406,651	\$ (739,943)	\$ (1,385)

Sensitivity of the Authority's - Proportionate Share of the Net OPEB Liability and Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Rate	1% Increase
Authority's proportionate share of net OPEB (asset) liability	\$ (770,668)	\$ (739,943)	\$ (705,080)

NOTE 8 – RISK MANAGEMENT

The Authority is a member of the Ohio Transit Risk Pool (OTRP) related to its risk of property and casualty loss. Under this plan, the Authority receives property and casualty loss coverage in exchange for contributions paid. OTRP retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts. Per-occurrence retention for auto physical damage was \$1,000,000 and the per occurrence retention for commercial property damage was also \$1,000,000. OTRP's per-occurrence retention for liability claims (including auto liability, public officials' liability, and general liability) was \$2,000,000. OTRP's per-occurrence retention for crime and fidelity coverage was \$100,000. For each per-occurrence claim within OTRP's self-insured retention, the Authority is charged a deductible of \$1,000 for casualty losses and \$7,500 for property losses. Per occurrence, reinsurance coverage is maintained by OTRP equal to \$200,000,000 for qualified property losses and \$10,000,000 for qualified casualty losses. Any underfunding of the plan's liabilities is shared by the members on a pro rata basis based on pool contribution factors comprised of population, full-time employees, vehicles, property values, budget, claims history times two and net operating expenses.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – RISK MANAGEMENT - continued

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from the previously noted risk have not exceeded commercial insurance coverage in the past three fiscal years.

NOTE 9 – GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Federal operating and preventive maintenance assistance consist of the following for the years ended December 31, 2024 and 2023:

	2024	2023
FTA preventive maintenance assistance and ADA	\$ -	\$ 669,988
FTA operating assistance	855,331	2,179,283
FTA maintenance assistance	2,344,903	3,248,403
Other	-	179,604
Total	<u><u>\$ 3,200,234</u></u>	<u><u>\$ 6,277,278</u></u>

State operating and preventive maintenance grants and special fare assistance consist of the following for the years ended December 31, 2024 and 2023:

	2024	2023
State fuel tax reimbursement	\$ 318,545	\$ 271,815
ODT operating assistance	310,632	631,419
Total	<u><u>\$ 629,177</u></u>	<u><u>\$ 903,234</u></u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Litigation

The Authority has been named in various public liability and property damage claims and suits. The ultimate outcome of these claims and suits cannot be determined. However, it is the opinion of management that any resulting liability to the Authority in excess of that provided in the accompanying balance sheets, and which is not covered by insurance, would not be material to the financial statements.

Grants

Under the terms of the Authority's various capital and operating grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At December 31, 2024 and 2023, there were no material questioned costs that had not been resolved with the federal or state agencies. Questioned costs could still be identified during audits to be conducted in the future. Management of the Authority believes there will be no material adjustments to the grants and, accordingly, has not recorded a provision for possible repayments under the above grants.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – COMMITMENTS AND CONTINGENCIES – continued

Grants – continued

FTA grant stipulations also require the grantee to retain assets acquired by FTA funds for the full estimated asset useful life (as determined by the FTA). If this provision is not met, the grantee must refund FTA's un depreciated basis in assets disposed.

Union Contracts

The Authority has two union contracts, which cover drivers, mechanics, administrative and TARPS employees. The Authority and the TAAP UAW Local 5242 negotiated and ratified a contract for the period September 15, 2022, to May 9, 2025. The Authority and the Amalgamated Transit union, Local 697, covering fixed line operators, paratransit operators and mechanics negotiated and ratified a contract for the period May 1, 2022 to April 30, 2025.

Construction

The Authority has construction commitments at the end of 12/31/2024 with a total amount of \$2,754,054.

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2024, the Authority implemented the following new pronouncements: GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* and GASB Statement No. 101, *Compensated Absences*.

Summary:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used generally using an employee's pay rate as of the date of the financial statements. Implementation of this Statement did not have a material impact on the Authority's financial statements and did not result in a restatement of the financial statements for the year ended December 31, 2023 in order to adopt this statement.

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 year.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 – UPCOMING ACCOUNTING PRONOUNCEMENTS – continued

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 year.

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST NINE FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Authority's proportion of the net pension liability	0.081567%	0.086498%	0.082700%	0.083439%	0.084389%	0.095678%	0.084389%	0.107329%	0.100752%
Authority's proportionate share of the net pension liability	\$ 21,354,575	\$ 25,551,547	\$ 7,195,235	\$ 12,355,499	\$ 16,680,058	\$ 26,049,485	15,324,957	24,283,655	17,386,226
Authority's covered-employee payroll	\$ 17,140,640	\$ 14,740,823	\$ 12,002,043	\$ 11,751,929	\$ 11,735,943	\$ 12,983,900	\$ 12,891,757	\$ 12,946,857	\$ 11,751,929
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124.58%	173.34%	59.95%	105.14%	142.13%	200.63%	118.87%	187.56%	147.94%
Plan fiduciary net position as a percentage of the total pension liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.16%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Contractually required contribution	\$ 2,026,321	\$ 2,063,715	\$ 1,680,286	\$ 1,645,270	\$ 1,643,032	\$ 1,817,746	\$ 1,804,846	\$ 1,812,560	\$ 1,704,966
Contributions in relation to the contractually required contribution	<u>\$ (2,026,321)</u>	<u>\$ (2,063,715)</u>	<u>\$ (1,680,286)</u>	<u>\$ (1,645,270)</u>	<u>\$ (1,643,032)</u>	<u>\$ (1,817,746)</u>	<u>\$ (1,804,846)</u>	<u>\$ (1,812,560)</u>	<u>\$ (1,704,966)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 17,140,640	\$ 14,740,823	\$ 12,002,043	\$ 11,751,929	\$ 11,735,943	\$ 12,983,900	\$ 12,891,757	\$ 12,946,857	\$ 11,751,929
Contributions as a percentage of covered employee payroll	11.82%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.5%

Note information prior to 2016 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFITS ASSET/LIABILITY AND
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST SEVEN FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Authority's proportion of the net OPEB (asset) liability	0.081986%	0.086096%	0.083360%	0.084714%	0.085154%	0.096215%	0.099970%
Authority's proportionate share of the net OPEB (asset) liability	\$ (739,943)	\$ 542,852	\$ (2,610,963)	\$ (1,509,248)	\$ 11,761,980	\$ 12,544,165	10,856,006
Authority's covered-employee payroll	\$ 17,140,640	\$ 14,740,823	\$ 12,002,043	\$ 11,751,929	\$ 11,735,943	\$ 12,983,900	\$ 12,891,757
Authority's proportionate share of the net OPEB (asset) liability as a percentage of its covered-employee payroll	-4.32%	3.68%	-21.75%	-12.84%	100.22%	96.61%	84.21%
Plan fiduciary net position as a percentage of the total OPEB liability	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%

The amount presented for 2018 was determined as of December 31 of the preceding year

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 17,140,640	\$ 14,740,823	\$ 12,002,043	\$ 11,751,929	\$ 11,735,943	\$ 12,983,900	\$ 12,891,757
Contributions as a percentage of covered employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - NET PENSION LIABILITY - COST SHARING PLAN

Ohio Public Employees Retirement System (OPERS)

Change in benefit terms

There were no changes in benefit terms for the period 2016 - 2024.

Changes in Assumptions:

2014- 2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from arrange of 4.25%-10.02% to 3.25%-10.75%
- Amount reported beginning in 2017 use mortality rates based on the RP-2014 Health Annuitant Mortality Table

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement date.

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021-2022: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2023: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.50% to 3.00% for post 1/7/13 retirees.

2024: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Change in Projected Salary increase from 2.75%-8.25% to 2.75%-10.75%.

NOTE 2 - NET OPEB LIABILITY (ASSET) - COST SHARING PLANS

Ohio Public Employees Retirement System (OPERS)

Change in benefit terms

There were no changes in benefit terms for the period 2018-2020 and 2022-2024.

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2 - NET OPEB LIABILITY (ASSET) - COST SHARING PLANS – continued

Change in benefits terms - continued

For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS sponsored medical plans for non Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020, measurement date health care valuation which are reported by the Authority at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Change in assumptions

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 6.00% to 5.22%
- The Municipal Bond Rate changed from 1.84% to 4.05%

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 5.22% to 5.70%
- The Municipal Bond Rate changed from 4.05% to 3.77%

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

**TOLEDO AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal Assistance Listing Number	Passed Through To Subrecipients	Total Federal Expenditures
U.S. Department of Transportation <i>Direct Program</i>			
<u>Federal Transit Cluster</u>			
Federal Transit Formula Grant	20.507	\$ -	\$ 10,621,677
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	-	2,382,342
Total Federal Transit Cluster		-	13,004,019
<u>Other Programs</u>			
Enhanced mobility for seniors and individuals with Disabilities - Transit Services Program Cluster	20.513	84,870	84,870
Public Transportation Innovation Program	20.530	-	68,730
Total U.S. Departments of Transportation		84,870	13,157,619
Total Expenditures of Federal Awards		\$ 84,870	\$ 13,157,619

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.501(B)(6)
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Toledo Area Regional Transit Authority, Lucas County, Ohio (the Authority) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate through 9/30/2024. The Authority did not use the 15 percent de minimis indirect cost rate which was effective as of 10/1/2024 under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

The Authority passes certain federal awards received from the U.S. Department of Transportation to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the Authority reports expenditures of Federal awards to subrecipients when paid on a cash basis.

As a subrecipient, the Authority has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the awards performance goals.

NOTE 5 - MATCHING REQUIREMENTS

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

TOLEDO AREA REGIONAL TRANSIT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.501(B)(6)
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 - RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the intergovernmental revenues report in the December 31, 2024, basic financial statements to the expenditures of the Authority administered federal programs reported on the Schedule of Expenditures of Federal Awards:

	Federal/ State Revenue	Less State Revenue	Adjustments to Prior Year Reconciliations	Federal Expenditures
Federal operating and Preventive Maintenance assistance	\$ 3,200,234	\$ -	\$ -	\$ 3,200,234
State operating and Preventive Maintenance assistance	629,177	629,177	-	-
Capital grants	11,463,852	1,380,790	125,677	9,957,385
	<u>\$ 15,293,263</u>	<u>\$ 2,009,967</u>	<u>\$ 125,677</u>	<u>\$ 13,157,619</u>

NO CPA PROVIDES ANY ASSURANCE ON THESE FINANCIAL STATEMENTS

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Toledo Area Regional Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Toledo Area Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Toledo Area Regional Transit Authority

The Authority's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

June 26, 2025

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Toledo Area Regional Transit Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Toledo Area Regional Transit Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the OMB Uniform Guidance, which are described in the accompanying schedule of findings and questioned costs as Findings 2024-003 and 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

To the Board of Trustees
Toledo Area Regional Transit Authority

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2024-003, 2024-004, and 2024-005 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the internal control over compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

June 26, 2025

Schedule of Findings and Questioned Costs

Toledo Area Regional Transit Authority

Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported
- Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.500, 20.507, 20.525, and 20.526	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section II - Financial Statement Audit Findings

Reference Number	Finding
2024-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - Inventory should be recorded at cost to be in accordance with Generally Accepted Accounting Principles.</p> <p>Condition - The Authority has units of inventory that had an incorrect cost value assigned.</p> <p>Context - The Authority has recorded inventory based on assigned unit costs for the most recent unit purchased for each inventory item, resulting in previous units purchased at a different cost being assigned an incorrect cost.</p> <p>Cause - There are not adequate procedures and controls in place over inventory valuation resulting from inventory system limitations. The inventory system assigns the most recent cost to all units held for the same item instead of retaining the historical cost for individual units of inventory.</p> <p>Effect - There was a projected uncorrected misstatement identified as part of the audit process to decrease inventory and increase expenses.</p> <p>Recommendation - The Authority should implement procedures and controls to ensure inventory cost recorded is proper</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Authority is making changes to the inventory cost method to the first-in, first-out (FIFO) recording of costs. In addition, the Authority is recording new part costs in the system based upon the quoted price and creating monthly reports that with capture point in time inventory costs.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2024-002	<p>Finding Type - Material weakness</p> <p>Criteria - There should be segregation of duties in internal controls within the payroll system.</p> <p>Condition - There are individuals involved in the process and controls over payroll functions that have access to pay rate changes.</p> <p>Context - While there are procedures and controls over payroll recording in the general ledger, this relates to system configurations and limitations over the ability to change pay rates.</p> <p>Cause - There are not adequate procedures and controls in place over system limitations for pay rate changes.</p> <p>Effect - There could be erroneous changes to pay rates.</p> <p>Recommendation - Implementation of procedures and controls over pay rate changes made in the system.</p> <p>Views of Responsible Officials and Planned Corrective Actions - This issue was correct on July 24, 2024, but inadvertently got change back due to miscommunication. The correct roles have been reinstated. Periodic reviews of all staff security authority will be reviewed for compliance.</p>

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2024-003	<p>Assistance Listing Number, Federal Agency, and Program Name - 20.500, 20.507, 20.525, 20.526, U.S. Department of Transportation, Federal Transit Cluster</p> <p>Federal Award Identification Number and Year - All</p> <p>Pass-through Entity - Not applicable</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - Yes</p> <p>2023-005</p> <p>Criteria - 2 CFR 200.320 provides standards for acceptable methods of procurement, which includes the following required support for the contract price:</p> <ul style="list-style-type: none"> • Informal procurement methods (micro-purchases) may be awarded without submitting competitive price or rate quotations if the non-federal entity considers the price to be reasonable based on research, experience, purchase history, or other information and documents in files accordingly. • Small purchases require that price or rate quotations be obtained and documented to support the procurement decisions. • Formal procurement methods require documentation of sealed bids, proposals, or rationale for the use of non-competitive procurements, such as single-source and emergency procurements <p>Condition - During our testing, we identified two contracts that did not have adequate documentation to support the basis for the contract price.</p> <p>Questioned Costs - \$222,703</p> <p>Identification of How Questioned Costs Were Computed - The sum of the expenditures incurred under the contracts for the two exceptions identified in our testing was used to calculate questioned costs.</p> <p>Context - Of the 33 procurements selected for testing, there were two contracts subject to formal procurement methods that had no evidence to support whether sealed bids, proposals, or noncompetitive procurements were used to support the contract price, one of which was a sole source contract.</p> <p>Cause and Effect - The Authority experienced turnover in personnel that resulted in it being unable to locate documentation to support compliance for the two exceptions identified in our testing.</p>	\$222,703

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2024-003 (Continued)	<p>Recommendation - We recommend that internal controls be put in place to ensure that all procurements adhere to 2 CFR 200.320 and maintain documentation to support compliance and supervisory review.</p> <p>Views of Responsible Officials and Corrective Action Plan - Effective June 1, 2025, the Authority implemented a new ERP system that will allow us to electronically control and verify all purchases in accordance with 2 CFR 200.32 standards for acceptable methods of procurement going forward.</p>	

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2024-004	<p>Assistance Listing Number, Federal Agency, and Program Name - 20.500, 20.507, 20.525, 20.526, U.S. Department of Transportation, Federal Transit Cluster</p> <p>Federal Award Identification Number and Year - All</p> <p>Pass-through Entity - Not applicable</p> <p>Finding Type - Material weakness</p> <p>Repeat Finding - No</p> <p>Criteria - 2 CFR 200.305 requires that for reimbursement based grants, the entity should incur the costs for which reimbursement was requested prior to the date of the reimbursement request.</p> <p>Condition - During our testing, we identified one reimbursement request that included a check that was not paid as it was voided and paid with a subsequent check, which was also requested for reimbursement.</p> <p>Questioned Costs - \$3,819</p> <p>If Questioned Costs are Not Determinable, Description of Why Known Questioned Costs Were Undetermined or Otherwise Could Not be Reported - Not applicable</p> <p>Identification of How Questioned Costs Were Computed - The sum of the expenditures incurred under the contracts for the exception identified in our testing was used to calculate questioned costs.</p> <p>Context - Of the nine draws selected for testing, there was one draw that included one invoice submitted for reimbursement twice on the same draw as it was incorrectly entered into the system.</p> <p>Cause and Effect - A check was voided and expense was never paid as the invoice was incorrectly coded to the incorrect vendor, but was still included as a check on the reimbursement request.</p> <p>Recommendation - We recommend that the internal controls be put in place to ensure that there are no duplicate expenses being submitted for reimbursement.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Effective June 1, 2025, the Authority implemented a new ERP system that will allow us to electronically control, accumulated, and monitor all transaction related to our grant draws in accordance with 2 CFR 200.305 going forward.</p>	\$3,819

Toledo Area Regional Transit Authority

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2024-005	<p>Assistance Listing Number, Federal Agency, and Program Name - 20.500, 20.507, 20.525, 20.526, U.S. Department of Transportation, Federal Transit Cluster</p> <p>Federal Award Identification Number and Year - All</p> <p>Pass-through Entity - Not applicable</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - Yes</p>	None
2023-006	<p>Criteria - The Authority should ensure there is a process in place prior to entering into contracts with vendors in excess of \$25,000 to verify such contractors are not suspended, debarred, or otherwise excluded pursuant to 2 CFR Section 180.300.</p> <p>Condition - There was no evidence to support that the Authority performed procedures to verify that the vendors were not suspended, debarred, or otherwise excluded prior to entering into contracts for 18 contracts within our testing population.</p> <p>Questioned Costs - Not applicable</p> <p>Identification of How Questioned Costs Were Computed - Not applicable</p> <p>Context - Of the 33 procurements selected for testing, 18 procurements did not contain evidence of either (1) a search performed on Sam.gov to determine if the vendor was suspended, debarred, or otherwise excluded; (2) a certification from the contractor attesting that they are not suspended, debarred, or otherwise excluded; or (3) adding a clause or condition to the covered transaction with that vendor.</p> <p>Cause and Effect - The Authority has experienced turnover that resulted in it being unable to locate documentation to support compliance.</p> <p>Recommendation - We recommend that internal controls be put in place to ensure that the required verification is performed, documented, and reviewed by a supervisor prior to entering into contracts with vendors.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Effective June 1, 2025, the Authority implemented a new ERP system that will allow us to indicate and upload verification that a vendor was checked for suspension, debarment, or exclusions prior to entering into a contract in accordance with 2 CFR 180.300 going forward.</p>	



Toledo Area Regional Transit Authority
December 31, 2024
Summary Schedule of Prior Audit Findings

Prior Year Finding Number:
2023-001

Fiscal Year in Which the Finding Initially Occurred:
2023

Federal Program, Assistance Listing Number and Name:
N/A if this is a financial statement finding

Original Finding Description:

The Authority improperly accrued for expenses and inventory purchases related to a future period as well as did not accrue for expenses and capital assets related to the audit period. Additionally, subsequent to year end, the Authority paid a vendor more than the amount that had been billed at that time.

Status/Partial Corrective Action (as applicable):
Fully Corrected

Planned Corrective Action:
N/A

Prior Year Finding Number:
2023-002

Fiscal Year in Which the Finding Initially Occurred:
2023

Federal Program, Assistance Listing Number and Name:
N/A if this is a financial statement finding

Original Finding Description:

The Authority had units of inventory held at year-end that were not assigned a cost value as well as some units that did have a cost value assigned that was not correct.

1127 West Central Avenue, P.O. Box 792
Toledo, Ohio 43697-0792
P: 419.243.7433 | F: 419.243.8588

TARTA.COM



Status/Partial Corrective Action (as applicable):

Zeros were fully corrected, and the incorrect assigned values are in progress

Planned Corrective Action:

Regarding incorrect assigned values, TARTA is making changes to the inventory cost method to the First in First Out (FIFO) recording of costs. In addition, TARTA is recording new part costs in the system based upon the quoted price and creating monthly reports that with capture point in time inventory costs.

Prior Year Finding Number:

2023-003

Fiscal Year in Which the Finding Initially Occurred:

2023

Federal Program, Assistance Listing Number and Name:

N/A if this is a financial statement finding

Original Finding Description:

There are individuals involved in the process and controls over payroll functions that have access to pay rate changes.

Status/Partial Corrective Action (as applicable):

Fully corrected and then inadvertently reversed.

Planned Corrective Action:

This issue was correct on July 24, 2024, but inadvertently got change back due to miscommunication. The correct roles have been re-instated. Periodic reviews of all staff security authority will be reviewed for compliance.

Prior Year Finding Number:

2023-004

Fiscal Year in Which the Finding Initially Occurred:

2023

Federal Program, Assistance Listing Number and Name:

N/A if this is a financial statement finding

Original Finding Description:

The financial statements filed in the Hinkle System were not filed timely.



Status/Partial Corrective Action (as applicable):

Fully corrected

Planned Corrective Action:

N/A

Prior Year Finding Number:

2023-005

Fiscal Year in Which the Finding Initially Occurred:

2023

Federal Program, Assistance Listing Number and Name:

20.500, 20.507, 20.525, 20.526, U.S. Department of Transportation, Federal Transit Cluster

Original Finding Description:

During our testing we identified 5 contracts that did not have adequate documentation to support the basis for the contract price.

Status/Partial Corrective Action (as applicable):

Partially corrected

Planned Corrective Action:

Effective 6/1/2025, TARTA implemented a new ERP system that will allow us to electronically control and verify all purchases in accordance with 2 CFR 200.32 standards for acceptable methods of procurement going forward.

Prior Year Finding Number:

2023-006

Fiscal Year in Which the Finding Initially Occurred:

2023

Federal Program, Assistance Listing Number and Name:

20.500, 20.507, 20.525, 20.526, U.S. Department of Transportation, Federal Transit Cluster

Original Finding Description:

There was no evidence to support that the Organization performed procedures to verify that the vendors were not suspended, debarred or otherwise excluded prior to entering into contracts in all instances.

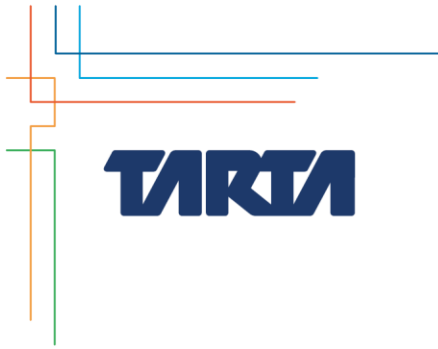


Status/Partial Corrective Action (as applicable):

Partially corrected

Planned Corrective Action:

Effective 6/1/2025, TARTA implemented a new ERP system that will allow us to indicate and upload verification that a vendor was checked for suspension, debarment, or exclusions prior to entering into a contract in accordance with 2 CFR 180.300, going forward.



Toledo Area Regional Transit Authority
December 31, 2024
Corrective Action Plan

Finding Number: 2024-001

Condition: The Authority has units of inventory that had an incorrect cost value assigned.

Planned Corrective Action: TARTA is making changes to the inventory cost method to the First in First Out (FIFO) recording of costs. In addition, TARTA is recording new part costs in the system based upon the quoted price and creating monthly reports that with capture point in time inventory costs.

Contact person responsible for corrective action: James Karasek

Anticipated Completion Date: 07/1/2025

Finding Number: 2024-002

Condition: There are individuals involved in the process and control over payroll functions that have access to pay rate changes.

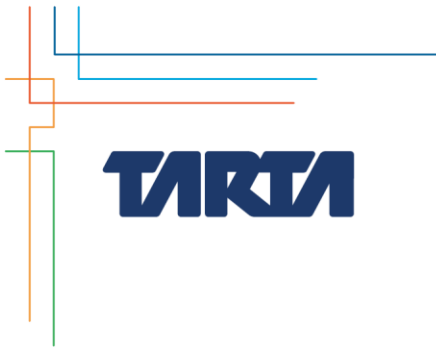
Planned Corrective Action: This issue was correct on July 24, 2024, but inadvertently got change back due to miscommunication. The correct roles have been re-instated. Periodic reviews of all staff security authority will be reviewed for compliance.

Contact person responsible for corrective action: James Karasek

Anticipated Completion Date: 6/10/2025

1127 West Central Avenue, P.O. Box 792
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TARTA.COM



Finding Number: 2024-003

Condition: During our testing, we identified two contracts that did not have adequate documentation to support the basis for the contract price.

Planned Corrective Action: Effective 6/1/2025, TARTA implemented a new ERP system that will allow us to electronically control and verify all purchases in accordance with 2 CFR 200.32 standards for acceptable methods of procurement going forward.

Contact person responsible for corrective action: James Karasek

Anticipated Completion Date: 6/1/2025

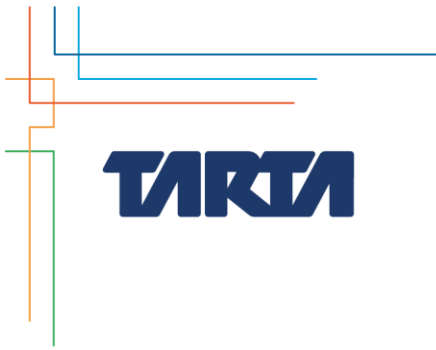
Finding Number: 2024-004

Condition: During our testing, we identified one reimbursement request that included a check that was not paid as it was voided and paid with a subsequent check, which was also requested for reimbursement.

Planned Corrective Action: Effective 6/1/2025, TARTA implemented a new ERP system that will allow us to electronically control, accumulated, and monitor all transaction related to our grant draws in accordance with 2 CFR 200.305 going forward.

Contact person responsible for corrective action: James Karasek

Anticipated Completion Date: 6/1/2025



Finding Number: 2024-005

Condition: There was no evidence to support that the Authority performed procedures to verify that the vendors were not suspended, debarred, or otherwise excluded prior to entering into contracts for 18 contracts within our testing population.

Planned Corrective Action: Effective 6/1/2025, TARTA implemented a new ERP system that will allow us to indicate and upload verification that a vendor was checked for suspension, debarment, or exclusions prior to entering into a contract in accordance with 2 CFR 180.300, going forward.

Contact person responsible for corrective action: James Karasek

Anticipated Completion Date: 6/1/2025